

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

JUL 29 2014

IN RE: CHRISTOPHER R. CORLEY

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DOCKET NO. 14-036-I

**EX PARTE ORDER FOR SUMMARY SUSPENSION OF RESPONDENT'S
RESIDENT PRODUCER LICENSE # 292975**

Based upon the Motion for Ex Parte Order for Summary Suspension of Respondent's Resident Producer License # 292975, ("Motion"), filed by the Insurance Division of the Vermont Department of Financial Regulation ("Department"), the Commissioner renders the following Findings of Fact and Conclusions of Law and issues the following Order:

I. FINDINGS OF FACT

1. Respondent, whose address of record is 3 Damon Drive, Essex Junction, Vermont 05452, was issued a Vermont resident insurance producer license # 292975 on July 1, 2002.
2. Respondent's resident producer license was issued pursuant to the licensing requirements set forth in Chapter 131 of Vermont Statutes Annotated Title 8.
3. Respondent's resident producer license was due to expire March 31, 2015.
4. Respondent was an insurance agent working for a Vermont insurance agency, (the "Agency"). The Agency's President notified the Department that he and one of the Agency's Vice Presidents had discovered that Respondent had misappropriated clients' insurance premiums.

5. On or about June 6, 2014, a client of the Agency, S.K.¹, remitted a check exceeding \$900.00 to Respondent for the purpose of purchasing an insurance policy through Respondent.

6. About one week later, Respondent contacted S.K. and stated that the premium was actually more than he had previously quoted. S.K. remitted cash payment to the Respondent in the amount of approximately \$280.00 as another premium payment.

7. About one month later, on or about July 10, 2014, S.K. contacted the Agency for a copy of the insurance binder since he had not received a copy of the policy. The Agency found no record of this insurance transaction including that no insurance policy had been purchased or issued.

8. On or about July 11, 2014, S.K. researched his bank records and provided the Agency with a copy of his cancelled check for the premium that he had remitted to Respondent on June 6, 2014.

9. S.K. had written out the check payable to "C2 Insurance" as directed by Respondent. However, the check had been altered in that the payee name had been changed from C2 Insurance to Respondent's name, Chris Corley.

10. In addition, the memo section of the check which was previously blank was filled in by someone other than S.K. and in different handwriting from S.K. which falsely stated that this check was a loan to the Respondent.

11. C2 Insurance, which was also referenced by the Respondent as C2 Insurance Group, is a fictitious entity fabricated by the Respondent. It is not an insurance carrier, nor is it affiliated with the Agency in any way. Respondent used the fictitious

¹ Client S.K. is identified in sealed Confidential Exhibit 1 to Department's Motion.

entity solely for the purposes of misappropriating client premiums and/or for collecting other improper payments from clients.

12. On or about July 11, 2014, the Agency's President and one of its Vice Presidents jointly confronted Respondent about S.K.'s premium check. Respondent admitted that he received the premium check from S.K., altered the check and then cashed the check for his own use and benefit rather than purchasing insurance coverage for S.K. as promised.

13. The Agency terminated Respondent's employment on July 17, 2014.

14. The Agency promptly notified the Department upon discovery of Respondent's aforementioned activities, including that Respondent admitted that he cashed S.K.'s premium check for his own use and benefit.

15. An ongoing investigation by the Department revealed that other clients also remitted premium payments to Respondent without receiving promised coverage and instead, Respondent kept the premiums for his own use and benefit.

16. In or about mid-December of 2012, D.S. and P.S.² remitted a check to the Respondent in excess of \$9,000.00 payable to C2 Insurance Group to obtain insurance coverage for their home and automobile(s). Respondent did not provide and purchase the promised coverage for these clients. As a result of Respondent's actions, they had no coverage from on or about mid-December of 2012 through at least mid-June of 2014.

17. In addition, Respondent knowingly falsified insurance documents when he provided a fabricated binder of homeowner's coverage to D.S. and P.S.'s lender when in fact no policy of insurance coverage existed.

² D.S. and P.S. are identified in the sealed Confidential Exhibit 1 attached to Department's Motion.

18. In sum, Respondent misappropriated at least three clients' premiums for his own use and benefit, which totaled more than \$10,000.00. Respondent also knowingly falsified insurance documents, invoices and other documents.

19. An ongoing investigation by the Department has revealed that Respondent has engaged in fraudulent insurance activities including falsifying insurance and other related documents, unfair or deceptive trade practices, breach of fiduciary duties and misappropriation of premiums for multiple clients. As such, Respondent has violated several provisions of 8 V.S.A. § 4804(a), including 4804(a)(3), (5), (8) and (9), as well as 8 V.S.A. §§ 4723, 4724(12), and Department Regulation 95-1.

20. Respondent's actions create an immediate danger to consumers who wish to purchase insurance. His disregard for the law and potential to continue to violate the law, including to mislead clients and misappropriate client premiums for his own use and benefit constitutes the necessity for taking emergency action to immediately suspend Respondent's Vermont resident producer insurance license.

21. Such summary suspension as authorized by 3 V.S.A. § 814(c) and Department Regulation 82-1 (Revised) at Section 13 will immediately serve to prevent Respondent from continuing to conduct insurance business in Vermont and to protect consumers from harm to their financial welfare and safety.

II. CONCLUSIONS OF LAW

1. Respondent violated 8 V.S.A. § 4804(a)(3) by not complying with the insurance laws or regulations of the state of Vermont or another state by engaging in deceptive and unfair trade practices in violation of 8 V.S.A. § 4723, and by breaching his

fiduciary duties when he misappropriated insurance premiums in violation of 8 V.S.A. §§ 4723, 4724(12) and Regulation 95-1.

2. Respondent violated 8 V.S.A. § 4804(a)(5) by converting for his own use premium money that clients believed were paid for insurance policies when in fact no such policies were ever purchased or issued; and the company, C2 Insurance, also known as C2 Insurance Group, was a fictitious entity invented by Respondent for the purpose of misleading clients and misappropriating premiums.

3. Respondent violated 8 V.S.A. § 4804(a)(8) in that he committed unfair trade practices or fraud by misleading clients, misappropriating premiums for his own use and benefit and knowingly falsifying and fabricating insurance policies, binders and other documents.

4. Respondent violated 8 V.S.A. § 4804(a)(9) since he used fraudulent, coercive or dishonest practices or has shown himself to be incompetent, untrustworthy or financially irresponsible.

5. Respondent's violations of 8 V.S.A. §§ 4804(a)(3), (5), (8) and (9) subjects Respondent to suspension or revocation in the State of Vermont. 8 V.S.A. § 4804(a) provides that the Commissioner may suspend, revoke or refuse to continue or renew any license issued under Chapter 131 of Title 8 if, after notice and opportunity for hearing, she finds that the Respondent is in violation of one or more applicable conditions listed under § 4804(a).

6. Pursuant to the authority contained in 3 V.S.A. § 814(c) and Department Regulation 82-1 (Revised) at Section 13, the Commissioner finds that the public health, safety or welfare requires emergency action before a hearing can be held upon proper


notice to the Respondent, based upon the misappropriation of clients' money, the alteration of a client's check, the falsification of insurance and other documents and false statements made to clients to misappropriate their money.

III. ORDER

PURSUANT TO THE AUTHORITY CONTAINED IN 3 V.S.A. § 814(c) AND DEPARTMENT REGULATION 82-1 (REVISED) AT SECTION 13 AND PURSUANT TO 8 V.S.A. § 4804(a), **IT IS HEREBY ORDERED THAT:**

The Vermont resident producer license # 292975 of Respondent, Christopher R. Corley is summarily suspended.

Entered at Montpelier, Vermont this 29th day of July, 2014.



Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation